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Power rates to rise as energy demands offset savings

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Ripping open a monthly electricity bill isn't exactly a pleasant experience, and it is about to get worse despite the best efforts of Utahns to conserve energy.

Rocky Mountain Power is asking for the largest rate hike in its history — a massive \$232 million increase that if approved by state utility regulators would raise the typical Utah homeowner's payment by \$120 a year.

State regulators may not grant the company's entire request, but some kind of big increase appears inevitable. And it will arrive this year, even as many Utahns trim their power use by turning off unnecessary lights and electronics, setting thermostats so that air conditioners and heaters run less often, and purchasing energy-efficient appliances such as dishwashers, which can save up to \$40 a year on utility bills compared with models on the market 15 years ago.

"I've really been lecturing my family lately to turn their radios and televisions off when they are not using them," said Kelly Lawler, a technical project manager from Salt Lake City, who added she doubts those steps, even on a broad scale, would offset the next big rate increase. "But every little bit helps."

The power company filed its rate-hike request two months ago. It argues it needs the 13.7 percent increase to help it contend with the escalating cost of producing electricity and the increasing demand for power from its growing base of residential, industrial and business customers.

No doubt Utahns, who pay the ninth-lowest electricity prices in the country, are making progress in becoming energy savers, but they're still using more power than ever. Demand from industrial and commercial customers also is growing, and in the years ahead will include the power-gulping National Security Agency (NSA) data center under construction in Bluffdale.



Al Hartmann | The Salt Lake Tribune A power transmission line tower along Redwood Road just north of Camp Williams frames Lone Peak above Draper.

Rocky Mountain Power offers rebates on new appliances such as refrigerators, which can save consumers from \$10 to \$100 a year on utility bills depending upon how old the model they're replacing is. It estimates participation in its energy-efficiency programs helped reduce growth in demand by 37 percent from 2009 to 2010.

All told, the utility said its customers saved 228,000 megawatt hours of electricity in 2009, or enough to run all the appliances in nearly 24,000 homes. Such programs may be helping to slow growth in usage, but they are making only a small dent in demand.

Savings programs aside, Utahns are using 33 percent more electricity than a decade ago. At the same time, power use by the state's industrial and commercial users rose 19 percent, according to the U.S. Energy Information Administration.

Blame rising residential consumption in part on the state's growing population, which increased at an average annual rate of 2.3 percent from 2000 to 2010. And some of it can be blamed on the increased use of central air conditioners, which cost twice as much to run as swamp coolers, and on all those electronic devices, gadgets and gizmos that have become a part of so many Utahns' lives.

They're not cheap to run.

Operate a personal computer and monitor for four hours a day and it will cost about \$30 a year. And those big-screen HD televisions cost around \$27, but that doesn't count the attached Blu-Ray player and video game consoles. In contrast, the electricity to operate some of the newer 19-inch televisions for a year costs around \$10.

The devices are a continual drain on the state's power grid.

"We may not like it, but the truth is Rocky Mountain Power is seriously short of electricity" and generating capacity, said Michele Beck, director of the Utah Office of Consumer Services, which advocates for the state's consumers and small-business owners in utility rate cases.

In the short term, Rocky Mountain Power can buy on the open market any electricity it may need beyond what it produces. To fix the problem long term, though, a solution is going to cost Utah consumers money — lots of it. The company's requested \$232 million rate hike may be only the beginning.

The utility projects that electricity use in Utah will grow 2.3 percent annually through 2020, and that is after accounting for the benefits of its energy-efficiency programs, said spokesman Jeff Hymas. "We will be seeing growth across all our customer groups."

To help pay for needed power plants, transmission lines and neighborhood substations, the utility already is warning customers they may see annual price increases of 8 percent to 10 percent for the next decade.

The utility isn't alone.

The Utah Municipal Power Agency, or UMPA, which represents the interests of municipally owned electric utilities in Provo, Salem, Spanish Fork, Manti, Nephi and Levan, estimates that demand for power from its members will grow 2 percent to 2.5 percent over the next 10 years. And the larger Utah Associated Municipal Power Systems, or UAMPS, estimates that its 34 members stretching from St. George to Logan will be dealing with a similar level of demand growth in the years head.

"We're all dealing with the same energy markets and the same growth trends," said Leon Pexton, UMPA general manager, "Our challenges also are the

same — serving customers efficiently now and figuring out how to do it in five to 10 years.”

Pexton said last year UMPA’s member utilities saw their loads decrease slightly, a development he attributed to a decline in demand from commercial and industrial customers related to the economic downturn. Yet that decline isn’t expected to continue as the economy improves.

For its part, Rocky Mountain Power projects that growth in demand from commercial customers will grow 3.14 percent annually through 2020 and demand from its industrial customers 2.34 percent.

“New data centers coming online in Utah require a lot of energy and will also contribute to growing electricity use in the coming years,” Hymas said. “And those developments go hand-in-hand with Utah’s rising population.”

If there is one boogeyman in the minds of consumers in that mix, it is the huge data center being constructed for the NSA at Camp Williams at the southern end of the Salt Lake Valley. Reports have indicated the center will need about 65 megawatts of power, half of which is expected to be used just to keep its computers cool.

A megawatt is enough electricity to power the lights and appliances in 500 to 750 homes.

“People ask me if that data center has anything to do with this latest rate increase [request], and they don’t want to seem to let me say ‘No,’” said Beck at the Utah Office of Consumer Services. “But to my knowledge it isn’t part of this upcoming rate case.”

Hymas of Rocky Mountain Power said data centers in Utah that use large amounts of electricity are typically required to pay the costs of new electrical infrastructure needed for their operations.

He pointed out the current rate case covers only the company’s costs and investments through June 2012, while the NSA center is expected to go online sometime that summer. “So the window of time [if there is one] where electricity use by the data center would apply to this rate case is very limited.”

Beck vowed that her agency would work to ensure that the NSA center and others will be paying their fair share of the costs they bring to Rocky Mountain Power’s system and that their presence won’t disproportionately affect other rate payers.

Liz Casey, a technical writer who lives in Provo and works in Salt Lake City, said despite the looming electricity rate increase, she counts herself lucky. “Utah has some of the lowest rates for electricity in the country, so we’re benefiting that way. The people I feel bad for are those who are unemployed or barely getting by. When those big increases come, some of those people are going to get hit really hard.”

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How much do energy-efficient appliances save?

Replace a 15-year-old dishwasher — \$40 a year

Replace a 15-year-old washing machine — \$135 a year

Replace a 30-year-old refrigerator — \$100 a year

Source: Energystar.gov

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Five tips for reducing electricity use

1. Turn off your computer and monitor when not in use.
2. In the summer, set your thermostat at the highest comfortable temperature.
3. Unplug your TV when not using it or use a power strip.
4. Replace incandescent bulbs with more efficient fluorescent or LED lights.
5. Use your washing machine only when you have a full load of clothes.

Source: Squidoo.com

How to participate in Rocky Mountain Power's rate case • Utah consumers who want to offer opinions about Rocky Mountain Power's rate hike may voice their concerns to state utility regulators at a "Public Witness Day" hearing, beginning at 5 p.m. July 28 in Room 403 of the Heber M. Wells Building, 160 E. 300 South, in Salt Lake City. To file a written statement with the Public Service Commission (PSC), write to Public Service Commission, Fourth Floor, Heber M. Wells Building, 160 E. 300 South, Salt Lake City, 84111; fax 801-530-6796; or email at tbehr@utah.gov. Indicate on all correspondence that the statement pertains to Docket No. 10-035-124. The PSC, under state law, must make a decision on Rocky Mountain Power's request by mid-September.

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